

PART III - To Be Completed by Transferee

8. Transferee is: (Check one)

☐ Individual

☐ Partnership

☒ Corporation

☐ Unincorporated Association

9. Attach as Exhibit No. III a statement of transferee's principal business.

10. Attach as Exhibit No. III a statement of the businesses, employment, or activities, other than communications in which individual transferee, each member if a partnership, and all principals if a corporation, are engaged, giving:
(a) nature of activity; (b) location of activity; and (c) hours devoted to each activity.

Place an "X" in the appropriate column.

	YES	NO
11. Is individual transferee, or if partnership each member of partnership, a citizen of the United States?		X
12. Is transferee or any party to this application a representative of an alien or of a foreign government?		X
13. If transferee is a partnership, attach as Exhibit No. _____ one copy, properly certified of the partnership agreement, or if oral, complete details thereof.	N/A	
14. If transferee is a Corporation (including joint stock companies) or Association, answer the following:		
a. Under laws of what State or Country is it organized? <u>England and Wales</u>		
(1) Attach as Exhibit No. <u>IV</u> a certified copy of the Articles of Incorporation (charter) if not heretofore on file with the Commission.		
(2) Attach as Exhibit No. <u>V</u> the names, addresses and percentages of stock held by all principals of the corporation and by all stockholders owning and/or voting 10 percent or more of transferee's stock.		
b. Is any director or officer an alien? <u>See Exhibit VI</u>	X	
c. Is more than one-fifth of the capital stock owned of record, or may it be voted, by aliens or their representatives, or by a foreign government or representatives thereof, or by a corporation organized under the laws of a foreign government? <u>See Exhibit VI</u>	X	
d. Is transferee directly or indirectly controlled by any other corporation? If "YES," give in Exhibit No. _____ the names and addresses of all such controlling corporations to and including organizations having final control and furnish for each all the information requested in 14 a thru c above.		X
e. Is transferee directly or indirectly controlled by any other corporation of which any officer or more than one-fourth of the directors are aliens? <u>See Exhibit VI</u>		X
f. Is more than one-fourth of the capital stock of any controlling corporation owned of record, or may it be voted by aliens or their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign government? <u>See Exhibit VI</u>		X
15. Is transferee directly or indirectly interested in or affiliated with any entity or person engaged in the business of providing a public land line message telephone service? If "YES," and transferee is not a land line telephone carrier, attach as Exhibit No. <u>VII</u> a statement relating the facts.	X	
16. If permittee or licensee holds any Multipoint Distribution Service (MDS or MMDS) authorizations, is transferee directly or indirectly interested in or affiliated with, or has leasing arrangements with a cable television company? If "YES," submit as Exhibit _____ a description of the relationship and a map showing overlap of boundaries of cable franchise area and MDS station's protected service area, if any.	N/A	
17. Has transferee or any party to this application had any station authorization revoked or had any application for construction permit, license, or renewal denied by this Commission? If "YES," attach as Exhibit No. _____ a statement relating all the pertinent circumstances.		X
18. Has any court finally adjudged the transferee, or any person directly or indirectly controlling the transferee, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or any other means or of unfair methods of competition? If "YES," attach as Exhibit No. _____ a statement relating the facts.		X
19. Has the transferee, or any party to this application, or any person directly or indirectly controlling the transferee ever been convicted of a crime for which the penalty imposed was a fine of \$500 or more, or an imprisonment of six months or more? If "YES," attach as Exhibit _____ a statement relating the facts.		X
20. Is transferee, or any person directly or indirectly controlling the transferee, presently a party in any matter referred to in Items 17, 18, 19? If "YES," attach as Exhibit No. <u>VIII</u> a statement relating the facts.	X	
21. Is transferee directly or indirectly, through stock ownership, contract, or otherwise interested in the ownership or control of any other radio stations licensed by this Commission? If "YES," give: (a) call sign and service; (b) location; and (c) name of licensee below.	X	
<u>See Exhibit IX</u>		

PART III - continued.

Place an "X" in the appropriate column.

YES NO

22. Has applicant ever been directly or indirectly interested in the ownership or control of any radio stations other than those stated in 21 above?

If "YES," give: (a) call sign and service; (b) location; and (c) name of licensee below.

See Exhibit IX

X

23. Will transferee propose any of the following changes, after the transfer of control is authorized (see instruction F):

a. Changes in the services currently offered?

If "YES," attach as Exhibit No. _____ a brief statement of the proposed changes.

b. Changes in technical personnel, maintenance or repair of facilities?

If "YES," attach as Exhibit No. _____ a description of positions to be changed and specific arrangements for prompt maintenance or repair of facilities.

c. Changes in the management or personnel responsible for the operation of the station?

If "YES," in Exhibit No. _____ describe the manner in which the proposal will operate, and list present positions of responsibility to be changed and proposed positions and division of responsibility, including hours of physical supervision. (When responsibilities are to be divided with any other business, give name and address of owner of each such business and submit copy of working agreement).

24. If transferee is a corporation, is stock of transferee to be sold after this consent is issued for any purpose?

If "YES," explain purpose in Exhibit No. _____

25. Does transferee now hold any obligations of licensee corporation?

If "YES," in Exhibit No. _____ describe the obligations, methods by which acquired, and the dates on which they were obtained.

26. Does local or state law require any authorization to transfer the control of the facilities and/or operations involved herein?

If "YES," attach as Exhibit No. _____ a single certified copy of such authorization.

27. a. Is transferee personally familiar with the provisions of the Commission's Rules governing the service which are the subject of this application?

b. Has transferee examined the subject facilities and determined that construction and operation is in compliance with current authorizations and the Commission's Rules?

28. Attach as Exhibit No. X a complete statement, setting forth facts which show how the instant proposal will be in the public interest, and disclosing all relationships, affiliations or connections between the transferee and current or prospective subscribers. The statement should contain the names of any common stockholders, officers, directors, employees or individuals closely related to the management or control of the facilities of the transferee and any subscriber.

29. If corporate permittee or licensee holds any authorizations for Part 21 stations, answer (a) and (b) below:

a. Does authorization involve facilities that have not been constructed?

If "YES," does transferee represent that it has, or has reasonable assurance that it will have, the ability to meet the expected cost of constructing any such facilities within the construction period, and the estimated operating expenses for twelve months?

b. Were facilities authorized following a comparative hearing and have been operated less than one year; or involve facilities that have not been constructed; or involve facilities that were authorized following a random selection proceeding in which the successful applicant received a preference and that have been operated for less than one year?

30. Does transferee represent that the information given in Part III of this application is true and correct, including any contracts or other instruments submitted, and that said information and contracts (if any) constitute the full agreement?

31. Does transferee acknowledge that, if Commission consents, transfer of control must be completed within 45 days of date of consent and Commission must be notified by letter within 10 days of consummation?

Certification: The applicant certifies that, in the case of an individual applicant, he or she is not subject to a denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. 853a, or, in the case of a nonindividual applicant (e.g., corporation, partnership or other unincorporated association), no party to the application is subject to a denial of federal benefits pursuant to that section. For the definition of a "party" for these purposes, see 47 CFR 1.2002.

☐ YES

☐ NO

The undersigned represents that all the attached exhibits pertinent to Part III are a material part hereof and are incorporated herein as if set out in full in this application; and certifies that all the statements made in Part III of this application are true, complete and correct to the best of his (her) knowledge and belief.

Date 4/8/97	Typed or Printed Name of Transferee British Telecommunications plc	Signature <i>[Signature]</i>	Title (Office Held by Person Signing) Attorney for British Telecommunications plc See Exhibit XI
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Willful false statements made on this application are punishable by fine and imprisonment (U.S. Code, Title 18, Section 1001) and/or revocation of any station license or construction permit (U.S. Code, Title 47, Section 312a(1)) and/or forfeiture (U.S. Code, Title 47, Section 503).

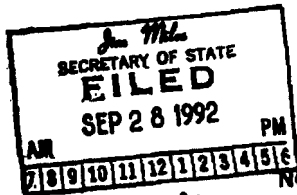
**EXHIBIT I
(Question 5)**

**Attached is a certified copy of the Articles of Incorporation of
SouthernNet of South Carolina, Inc.**

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS THE SAME FRONT AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE.

APR 02 1997


SECRETARY OF STATE OF SOUTH CAROLINA



STATE OF SOUTH CAROLINA
SECRETARY OF STATE

NOTICE OF CHANGE OF REGISTERED OFFICE
OR REGISTERED AGENT OR BOTH
OF A SOUTH CAROLINA
OR FOREIGN CORPORATION

Pursuant to §§33-5-102 and 33-15-108 of the 1976 South Carolina Code, as amended, the under-
signed corporation submits the following information.

1. The name of the corporation is SOUTHERNNET OF SOUTH CAROLINA, INC.
2. The corporation is (complete either a or b, whichever is applicable):
 - a. a domestic corporation incorporated in South Carolina on 1/20/81; or
 - b. a foreign corporation incorporated in _____ on _____, and
(State) (Date)
authorized to do business in South Carolina on _____.
(Date)
3. The street address of the current registered office in South Carolina is Two Shelter Centre Church & Beattie Sts.
(Street & Number)
in the city of Greenville, South Carolina 29602.
(Zip Code)
4. If the current registered office is to be changed, the street address to which its registered office is to be changed is 2019 Park Street in the city of Columbia South Carolina 29201.
(Street & Number) (Zip Code)
5. The name of the present registered agent is C T Corporation System
6. If the current registered agent is to be changed, the name of the successor registered agent is The Prentice-Hall Corporation System, Inc.

"I hereby consent to the appointment as registered agent of the corporation:

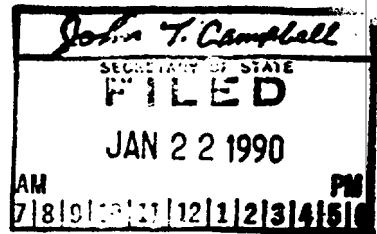
The Prentice-Hall Corporation System, Inc.

By: Vicki Schreiber
(signature of New Registered Agent)
Vicki Schreiber, Asst. Vice President

7. The address of the registered office and the address of the business office of the registered agent, as changed, will be identical.
8. Unless a delayed date is specified, this application will be effective upon acceptance for filing by the Secretary of State (See §33-1-230(b)): _____

* Pursuant to §§33-9-102(5) and 33-19-108(5), the written consent of the registered agent may be attached to this form.

STATE OF SOUTH CAROLINA
SECRETARY OF STATE



CERTIFIED TO BE A TRUE AND CORRECT COPY
AS THE SAME HAS BEEN COMPARED WITH THE
ORIGINAL FILED IN THIS OFFICE.

APR 02 1997

NOTICE OF CHANGE OF REGISTERED OFFICE
OR REGISTERED AGENT OR BOTH
OF A SOUTH CAROLINA
OR FOREIGN CORPORATION

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01-22-90 PMT \$10.00

SECT OF STATE OF SOUTH CAROLINA

SECRETARY OF STATE OF SOUTH CAROLINA

Pursuant to §§33-5-102 and 33-15-108 of the 1976 South Carolina Code, as amended, the under-
signed corporation submits the following information.

1. The name of the corporation is SouthernNet of South Carolina, Inc.
2. The corporation is (complete either a or b, whichever is applicable):
 - a. a domestic corporation incorporated in South Carolina on 1/20/81; or
 - b. a foreign corporation incorporated in _____ on _____, and
(State) (Date)
authorized to do business in South Carolina on 1/20/81.
(Date)
3. The street address of the current registered office in South Carolina is Main at Washington
(Street & Number)
in the city of Columbia, South Carolina _____.
(Zip Code)
4. If the current registered office is to be changed, the street address to which its registered office
is to be changed is c/o C T Corporation System, 75 Beattie Place, Two Shelter Centre in the city of
(Street & Number)
Greenville South Carolina 29601
(Zip Code)
5. The name of the present registered agent is WALTER O. PETTISS.
6. If the current registered agent is to be changed, the name of the successor registered agent is
C T Corporation System.
*I hereby consent to the appointment as registered agent of the corporation:

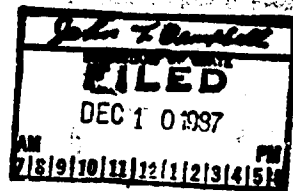
(signature of New Registered Agent)

RICHARD T. RIZZI, Assistant Secretary

7. The address of the registered office and the address of the business office of the registered agent,
as changed, will be identical.
8. Unless a delayed date is specified, this application will be effective upon acceptance for filing
by the Secretary of State (See §33-1-230(b)): _____.

* Pursuant to §§33-9-102(5) and 33-19-108(5), the written consent of the registered agent may be
attached to this form.

STATE OF SOUTH CAROLINA
SECRETARY OF STATE
ARTICLES OF AMENDMENT



To The Articles of Incorporation of

TELECOMMUNICATIONS SYSTEMS, INC. This Space For Use By

Secretary of State

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12-10-87 PHT: \$45.00

SECT OF STATE OF SOUTH CAROLINA

For Use By The
Secretary of State
File No. 04900
Fee Paid.....
C.B.....
Date.....

(File This Form in Duplicate)

Pursuant to Authority of Section 33-15-10 the South Carolina Code of 1976 as amended, the undersigned Corporation adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the Corporation is... TELECOMMUNICATIONS SYSTEMS, INC.
2. The Registered Office of the Corporation is... 1401 MAIN STREET, SUITE 875
(Street and no.)
in the City of... COLUMBIA County of... RICHLAND and
the State of South Carolina and the name of the Registered Agent at such address is... WALTER R.
PETTISS

(Complete item 3 of 4 whichever is relevant)

3. a. The following Amendment of the Articles of Incorporation was adopted by the shareholders of the Corporation on... DECEMBER 2, 1987

(Text of Amendment)

That the name of the corporation be changed
to "SouthernNet of South Carolina, Inc."

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE.

APR 02 1997

SECRETARY OF STATE OF SOUTH CAROLINA

- b. At the date of adoption of the Amendment, the total number of all outstanding shares of the Corporation was... 3,393,000 The total of such shares entitled to vote, and the vote of such shares was:

Total Number of
Shares Entitled
to vote

3,393,000

For Number of Shares Voted
Against

3,393,000

0

ARTICLES OF AMENDMENT (Continued)

- c. At the date of adoption of the Amendment, the number of outstanding shares of each class entitled to vote as a class on the Amendment, and the vote of such shares, was: (if inapplicable, insert "none")

<u>Class</u>	<u>Number of Shares Entitled to Vote</u>	<u>For</u>	<u>Number of Shares Voted</u>	<u>Against</u>
--------------	--	------------	-------------------------------	----------------

NONE

4. a. Prior to the organizational meeting the Corporation and with the consent of the subscribers, the following Amendment was adopted by the Incorporator(s) on.....

(Text of Amendment)

Not Applicable

- b. The number of withdrawals of subscribers, if such be the case is... N/A

- c. The number of Incorporators are..... N/Aand the number voting for the Amendment was

..... N/Aand the number voting against the Amendment was... N/A

5. The manner, if not set forth in the Amendment, in which any exchange, reclassification, or cancellation or issued shares provided for in the Amendment shall be effected, is as follows: (if not applicable, insert "no change")

No Change

6. The manner in which the Amendment effects a change in the amount of stated capital, and amount of stated capital, expressed in dollars, as changed by the Amendment, is as follows: (If not applicable, insert "no change")

No Change

Date December 4, 1987 Telecommunications Systems, Inc...
(Name of Corporation)

Note: Any person signing this form, shall either opposite or beneath his signature, clearly and legibly state his name and the capacity in which he signs. Must be signed in accordance with Section 33-1-40 of the 1976 Code, as amended.

Walter R. Pettiss
(Name and title)
Walter R. Pettiss, Vice President

William H. Scott, III
(Name and title)
William H. Scott, III, Secretary

STATE OF SOUTH CAROLINA }
COUNTY OF RICHLAND }

SS:

The undersigned, Walter R. Pettiss and William H. Scott, III do hereby certify that they are the duly elected and acting Vice President and Secretary respectively, of Telecommunications Systems, Inc. and are authorized to execute this document; that each of the undersigned for himself does hereby further certify that he signed and was so authorized, has read the foregoing document, understands the meaning and purport of the statements therein contained and the same are true to the best of his information and belief.

Dated at Columbia, S.C., this 4th day of December, 19 87.

Walter R. Pettiss
Walter R. Pettiss, Vice President
William H. Scott, III
William H. Scott, III, Secretary

SCHEDULE OF FEES

(Payable at time of filing application with Secretary of State)

Filing Fee	\$ 5.00
Taxes	40.00
Total Fee	\$45.00

Note: If The Amendment effects an increase in capital stock, in lieu of the above, the filing fees will be as follows:

Fee for filing application \$ 5.00
In addition to the above, \$.40 for each
\$1,000.00 of the total increase in the aggregate value of authorized shares,
but in no case less than 40.00
nor more than 1,000.00

ARTICLES OF EXCHANGE

BETWEEN

SOUTHERNNET, INC. -

(A SOUTH CAROLINA CORPORATION)

and

TELECOMMUNICATIONS SYSTEMS, INC. -

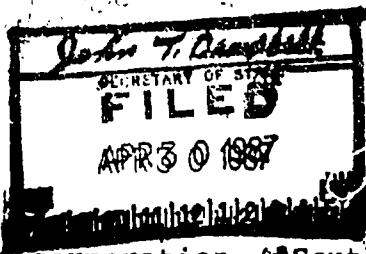
(A SOUTH CAROLINA CORPORATION)

JUL 01/02 4973

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05-01-87 FMT: \$45.00

SECT OF STATE OF SOUTH CAROLINA



ersigned, SouthernNet, Inc., a South Carolina corporation ("SouthernNet"), with its registered office at 728 North Pleasantburg Drive, Greenville, South Carolina, and Telecommunications Systems, Inc., a South Carolina corporation ("TSI"), with its registered office at 1401 Main Street, Columbia, South Carolina

DO HEREBY MAKE THE FOLLOWING CERTIFICATIONS AND AGREEMENTS:

(A) The Agreement and Plan of Exchange ("Plan") whereby all of the issued and outstanding shares of TSI Common Stock will be acquired by SouthernNet through the exchange of all such TSI shares for shares of SouthernNet Common Stock is attached hereto as Appendix A and incorporated herein by reference. Pursuant to such Agreement and Plan of Exchange, these Articles of Exchange shall be effective as of the date and time of filing hereof.

(B) (i) Just prior to the Exchange, SouthernNet, had outstanding 11,674,994 shares of Common Stock.

(ii) Just prior to the Exchange, TSI had outstanding 3,430,000 shares of Common Stock.

(C) At a duly held meeting of the shareholders of TSI, 3,393,000 shares of TSI Common Stock were voted in favor of the Plan, and no shares were voted against the Plan.

(D) The Agreement and Plan of Exchange was adopted by and the performance of its terms were duly approved by the Board of Directors of SouthernNet and without any vote of the shareholders of SouthernNet pursuant to Section 33-17-30(e) of the South Carolina Business Corporation Act. As of the date hereof, the outstanding shares of SouthernNet were such as to render Section 33-17-30(e) of the South Carolina business Corporation Act applicable to this transaction.

Executed this 30th day of April, 1987.

ATTEST:

William H. Scott, III
Secretary

SOUTHERNNET, INC.

a South Carolina corporation

By:

Richard B. Ingram
Richard B. Ingram, President

ATTEST:

Talmadge M. Crews
Secretary

TELECOMMUNICATIONS SYSTEMS, INC.
a South Carolina corporation

By:

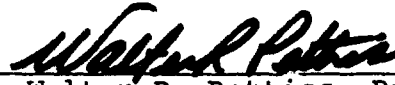
Walter R. Robinson
Walter R. Robinson, President

APR 02 1997

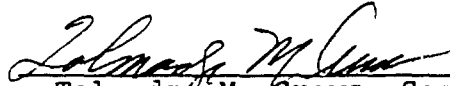
John T. Campbell
SECRETARY OF STATE OF SOUTH CAROLINA

CERTIFICATE OF VERIFICATION

The undersigned, the duly elected and acting President and Secretary of Telecommunications Systems, Inc., certify that they have read and understood the meaning and purport of the statements contained herein; that they are informed and believe such statements are true; and that they had the requisite authority to and did sign the Articles of Exchange.




Walter R. Pettiss, President



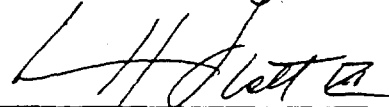
Talmadge M. Crews, Secretary

CERTIFICATE OF VERIFICATION

The undersigned, the duly elected and acting President and Secretary of SouthernNet, Inc., certify that they have read and understood the meaning and purport of the statements contained herein; that they are informed and believe such statements are true; and that they had the requisite authority to and did sign the Articles of Exchange.



Richard E. Ingram, President



William H. Scott, III
Secretary

APPENDIX A

AGREEMENT AND PLAN OF EXCHANGE

among

SOUTHERNNET, INC.,

TELECOMMUNICATIONS SYSTEMS, INC.,

and

THE ROBERT L. PARKER TRUST,
POSITIVE PLACEMENT PARTNERSHIP,
RESOURCE HOLDINGS INC.

WCSC, INC.,

TALMADGE M. CREWS,

JAMES B. EDWARDS,

and

WALTER R. PETTISS

APRIL 23, 1987

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EXHIBITS AND SCHEDULES

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<u>Schedule</u>		<u>Reference</u>
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DEFINITIONS

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"SouthernNet"	Preamble
"SouthernNet Acquisition"	8.1(b)
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AGREEMENT AND PLAN OF EXCHANGE

THIS AGREEMENT AND PLAN OF EXCHANGE (the "Agreement") is entered into as of April 23, 1987, by and among SOUTHERNNET, INC., a South Carolina corporation ("SouthernNet"), TELECOMMUNICATIONS SYSTEMS, INC., a South Carolina corporation ("TSI"), and THE ROBERT L. PARKER TRUST, a trust organized under the laws of Oklahoma, POSITIVE PLACEMENT PARTNERSHIP, a general partnership organized under the laws of Oklahoma, RESOURCE HOLDINGS INC., a Delaware corporation, WCSC, INC., a South Carolina corporation, TALMADGE M. CREWS, an individual residing in the state of South Carolina, JAMES B. EDWARDS, an individual residing in the state of South Carolina, and WALTER R. PETTISS, an individual residing in the state of South Carolina, who are certain of the shareholders of TSI (collectively the "TSI Signing Shareholders").

WHEREAS, SouthernNet is a corporation duly organized and existing under the laws of the State of South Carolina, and has on the date hereof an authorized capital of 50,000,000 shares of Common Stock, par value \$.01 per share ("SouthernNet Common Stock"), of which 11,674,994 shares are issued and outstanding on the date of this Agreement, and 1,000,000 shares of Series Preferred Stock, par value \$.01 per share, of which no shares are issued and outstanding on the date of this Agreement;

WHEREAS, TSI is a corporation duly organized and existing under the laws of the State of South Carolina, and has on the date hereof an authorized capital of 10,000,000 shares of Common Stock, par value \$.01 per share ("TSI Common Stock"), of which 3,430,000 shares are issued and outstanding on the date of this Agreement, and 25,000 shares of Series A Preferred Stock, par value \$30.00 per share, of which no shares are outstanding, as well as outstanding warrants to acquire 1,000,000 shares of TSI Common Stock as described on Schedule 1 hereto (each such warrant to acquire one share of TSI Common Stock hereinafter referred to as a "TSI Warrant");

WHEREAS, the TSI Signing Shareholders are the owners beneficially and of record, and collectively have the unqualified right to vote, at least 98% of the TSI Common Stock issued and outstanding on the date hereof;

WHEREAS, the Boards of Directors of SouthernNet and TSI have determined that it is advisable and to the advantage of such corporations that all of the issued and outstanding

shares of TSI Common Stock and all TSI Warrants be acquired by SouthernNet through the exchange of all such TSI shares and TSI Warrants for shares of SouthernNet Common Stock upon the terms and conditions herein provided and have approved this Agreement; and the Board of Directors of TSI has directed that this Agreement be submitted to a vote of the shareholders of TSI;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the parties hereby agree, in accordance with the applicable provisions of the South Carolina Business Corporation Act, and subject to the conditions set forth herein, as follows:

ARTICLE I

THE EXCHANGE

1.1 The Exchange

In accordance with the provisions of this Agreement and the South Carolina Business Corporation Act, at the Effective Time (as defined in Section 1.2), all of the issued and outstanding shares of TSI Common Stock (other than shares held by any shareholder of TSI who elects to exercise dissenting shareholder rights (a "Dissenting Shareholder") under Section 33-11-270 of the South Carolina Business Corporation Act) and all TSI Warrants shall be acquired by SouthernNet through the exchange of all such TSI shares and TSI Warrants for shares of SouthernNet Common Stock (on the basis specified in Article II hereof) which SouthernNet will have authorized and reserved for such purpose (the "Exchange"), and TSI shall become a wholly-owned subsidiary of SouthernNet.

1.2 Effective Time

Subject to the provisions hereof, the Exchange shall become effective at the time when the last to occur of the events described below shall have occurred (the "Effective Time"):

(a) this Agreement shall have been adopted and approved by the shareholders of TSI in accordance with the requirements of the South Carolina Business Corporation Act;

(b) all of the conditions precedent to the consummation of the Exchange specified in this Agreement shall

have been satisfied or duly waived by the party or parties entitled to satisfaction thereof; and

(c) executed Articles of Exchange, in substantially the form attached hereto as Exhibit A, shall have been filed with the Secretary of State of South Carolina.

ARTICLE II

PLAN OF EXCHANGE AND MANNER AND BASIS OF EXCHANGE

2.1 Consideration to be Delivered to Holders of TSI Common Stock if Exchange Taxable

So long as SouthernNet shall not have received a Tax Opinion as described in Section 2.2, then the shares of TSI Common Stock and the TSI Warrants outstanding immediately prior to the Effective Time (other than shares of TSI Common Stock held by any Dissenting Shareholder) shall, at the Effective Time, be exchanged for shares of SouthernNet Common Stock, on the basis of one share of SouthernNet Common Stock for 6.61 shares of TSI Common Stock and one share of SouthernNet Common Stock for 32.154 TSI Warrants; provided, however, that no fractional shares of SouthernNet Common Stock shall be issued, and each holder of TSI Common Stock or of TSI Warrants who would be entitled to receive a fractional share shall be entitled to receive in lieu thereof cash in an amount equal to the product of (a) the average of the last sale prices of SouthernNet Common Stock for the 10 trading days immediately prior to the Closing Date (the "SouthernNet Common Stock Value") multiplied by (b) the fractional interest to which such holder would otherwise be entitled. Shares of TSI Common Stock and TSI Warrants held by each shareholder and warrant holder of TSI will be aggregated to minimize the fractional interests with respect to which cash must be paid.

2.2 Consideration to Be Delivered to Holders of TSI Common Stock if Exchange Tax Free

In the event that prior to the Effective Time SouthernNet receives an opinion (a "Tax Opinion") from its accountants or its counsel that the Exchange would be treated as a tax-free transaction under the Internal Revenue Code of 1986 (the "Code") (which opinion would also be addressed and delivered to the TSI Signing Shareholders), then the shares of TSI Common Stock and the TSI Warrants outstanding immediately

prior to the Effective Time (other than shares of TSI Common Stock held by any Dissenting Shareholder) shall, at the Effective Time, be exchanged for shares of SouthernNet Common Stock, on the basis of one share of SouthernNet Common Stock for 7.315 shares of TSI Common Stock and one share of SouthernNet Common Stock for 32.154 TSI Warrants; provided, however, that no fractional shares of SouthernNet Common Stock shall be issued, and each holder of TSI Common Stock or of TSI Warrants who would be entitled to receive a fractional share shall be entitled to receive in lieu thereof cash in an amount equal to the product of (a) the SouthernNet Common Stock Value multiplied by (b) the fractional interest to which such holder would otherwise be entitled. Shares of TSI Common Stock and TSI Warrants held by each shareholder and warrant holder of TSI will be aggregated to minimize the fractional interests with respect to which cash must be paid.

2.3 Surrender and Exchange of TSI Common Stock

(a) At the Effective Time and upon consummation of the Exchange, the holders of certificates theretofore representing shares of TSI Common Stock outstanding immediately prior to the Exchange shall cease to have any rights with respect to such shares, and their sole rights shall be those which they would have as holders of the shares of SouthernNet Common Stock to be delivered and distributed to them pursuant to this Article II. As soon as practicable after the Effective Time, each holder of a certificate (or certificates) representing shares of TSI Common Stock outstanding immediately prior to the Exchange (a "Certificate") shall surrender the same (duly endorsed) to First Union National Bank, Charlotte, North Carolina, transfer agent for SouthernNet, or to such other bank or trust company as SouthernNet shall designate as its transfer agent by notice to the shareholders of TSI (the "Transfer Agent").

(b) Upon surrender of a Certificate for cancellation to the Transfer Agent, the holder of such Certificate shall be entitled to receive in exchange therefor a certificate representing that number of shares of SouthernNet Common Stock for which the shares of TSI Common Stock so surrendered shall have been exchanged pursuant to this Article II, together with any cash payable with respect to fractional shares pursuant to this Article II, and the Certificate so surrendered shall forthwith be cancelled.

(c) From and after the Effective Time, until so surrendered, each Certificate theretofore representing shares of issued and outstanding TSI Common Stock shall be deemed for all corporate purposes, except as set forth below, to evidence

the number of shares of SouthernNet Common Stock for which the shares of TSI Common Stock have been exchanged. Unless and until any Certificate for shares of TSI Common Stock shall be surrendered, no dividends payable to holders of record of shares of SouthernNet Common Stock shall be paid to the holder of such Certificate, nor shall any such holder be entitled to vote such shares, but there shall be paid to the holder of such Certificate upon such surrender the amount, without interest, of any dividends with a record date subsequent to the Effective Time on such shares of SouthernNet Common Stock to the extent that the same shall not have yet been paid to a public official pursuant to abandoned property laws, such dividends to be paid upon surrender or upon the payment date, whichever last occurs; and from and after such surrender the holder shall have the right to vote the shares of SouthernNet Common Stock to which such holder becomes entitled by virtue of such surrender as to all matters for which a record date is established after such surrender.

(d) If any certificate representing shares of SouthernNet Common Stock is to be issued in a name other than that in which the Certificate surrendered is registered, it shall be a condition of the issuance that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such issuance shall pay any transfer or other taxes required by reason of the issuance to a person other than the registered holder of the surrendered Certificate or establish to the satisfaction of SouthernNet that such tax has been paid or is not applicable. After the Effective Time, there shall be no further registration of transfers on the stock transfer books of TSI of the shares of TSI Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates representing such shares are presented to SouthernNet, they shall be cancelled and exchanged for certificates representing shares of SouthernNet Common Stock as provided in this Article II.

2.4 Anti-Dilution Provisions

In the event that, between the date of this Agreement and the Effective Time, either SouthernNet or TSI subdivides its outstanding shares of capital stock into a greater number of shares, or combines its outstanding shares of capital stock into a smaller number of shares, or effects a reclassification of its capital stock or pays a dividend in shares of its capital stock, then the exchange ratio set forth in Section 2.1 or Section 2.2, as appropriate, shall be adjusted so that, at the Effective Time, the former shareholders and former warrant

holders of TSI will own, in the aggregate, the same percentage of SouthernNet Common Stock as would have been owned if such subdivision, combination, reclassification or dividend had not been effected.

2.5 Dissenting Shareholders

Any holder of shares of TSI Common Stock who complies with Section 33-11-270 of the South Carolina Business Corporation Act shall be entitled to receive the value of such shares of TSI Common Stock in cash as determined pursuant to Section 33-11-270 of the South Carolina Business Corporation Act; provided, however, that no such payment shall be made unless and until such Dissenting Shareholder has surrendered to SouthernNet the certificate representing the shares of TSI Common Stock for which payment is being made. SouthernNet hereby agrees that it shall pay directly to the Dissenting Shareholders all amounts payable pursuant to Section 33-11-270 of the South Carolina Business Corporation Act and this Section 2.5 (or in the event that it is determined that such payments are required as a matter of law to be made by TSI, that it shall provide to TSI all funds necessary to make such payments to Dissenting Shareholders and shall indemnify and hold harmless TSI with respect to all such payments).

2.6 Surrender and Exchange of TSI Warrants

At the Closing, in accordance with Section 9.2(g) hereof, all TSI Warrants shall be surrendered to SouthernNet for cancellation at the Effective Time in connection with the exchange set forth in Section 2.1 or Section 2.2.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF TSI AND THE TSI SHAREHOLDERS

TSI and the TSI Signing Shareholders hereby jointly and severally represent and warrant to SouthernNet as follows:

3.1 Organization and Standing; Power and Authority; No Subsidiaries

TSI is a corporation duly organized, validly existing and in good standing under the laws of South Carolina and has the full power and authority to carry on its business as it is now being conducted, to execute and deliver this Agreement and the related documents called for herein and to consummate the

transactions contemplated hereby. TSI is qualified as a foreign corporation in all jurisdictions in which the failure to so qualify would have a material adverse effect on its ability to conduct its business in such jurisdiction. TSI has no subsidiaries or equity or other interest in any entity other than Telecommunications Systems of N.C., Inc., a North Carolina corporation all of the beneficial interest in or outstanding stock of which is owned by TSI, and has no outstanding loans or advances to any person or entity other than travel allowances made available to employees which do not exceed in the aggregate \$20,000 at any time.

3.2 Capitalization

The authorized capital of TSI consists of 10,000,000 shares of Common Stock, par value \$.01 per share, of which 3,430,000 shares are duly authorized, validly issued and outstanding, fully paid and nonassessable on the date hereof, and 25,000 shares of Series A Preferred Stock, par value \$30.00 per share, of which no shares are outstanding. TSI has no other class of stock outstanding. Except as set forth in Schedule 1 hereto, there are no existing options, warrants, calls, commitments or rights of any character to purchase or otherwise acquire from TSI shares of capital stock of any class, no outstanding securities of TSI that are convertible into shares of capital stock of TSI of any class, and no options, warrants or rights to purchase from TSI any such convertible securities (collectively, "Rights"). The names and addresses of, and number of shares held by, all holders of TSI Common Stock and the names, addresses and interests of all holders of Rights are set forth on Schedule 2 hereto. Since January 1, 1985, TSI has not (i) directly or indirectly redeemed, purchased or otherwise acquired shares of its capital stock, or declared, set aside or paid or agreed to declare, set aside or pay any dividend or other distribution of assets of any kind whatsoever to shareholders (excluding the compensation paid to certain of the TSI Signing Shareholders as described on Schedule 8 hereto and compensation paid in the ordinary course of business to other shareholders of TSI who are employees of TSI); (ii) issued or granted any Rights; or (iii) issued any shares of its capital stock. Except as set forth on Schedule 2 hereto, TSI has no outstanding contractual or other obligation to repurchase, redeem or otherwise acquire any outstanding shares of its capital stock.

3.3 Corporate Approvals

The Board of Directors of TSI has approved this Agreement, the Articles of Exchange and the transactions

contemplated hereby and thereby in the manner prescribed by law and have authorized the execution, delivery and performance of this Agreement and the Articles of Exchange.

3.4 Binding Obligation

When the approval of TSI shareholders contemplated by Section 7.2 hereof has been obtained, this Agreement, the Articles of Exchange and each document and instrument to be executed and delivered by TSI pursuant hereto, will constitute a valid and binding obligation of TSI enforceable in accordance with its respective terms. This Agreement, the Articles of Exchange and each document and instrument to be executed and delivered by the TSI Signing Shareholders pursuant hereto, constitutes or will constitute a valid and binding obligation of the TSI Signing Shareholders enforceable in accordance with its respective terms.

3.5 Financial Statements; Material Liabilities

TSI has prepared and furnished to SouthernNet, and there are attached hereto as Schedule 3, an audited balance sheet of TSI as of March 31, 1985 and March 31, 1986 and a statement of income for each of the fiscal years then ended, and an unaudited balance sheet of TSI as of March 31, 1987 and a statement of income for the fiscal year then ended. The financial statements specified in this Section 3.5 (i) are in accordance with the books and records of TSI, (ii) present fairly the financial condition and results of operations of TSI as of the dates and for the periods indicated, and (iii) have been prepared in accordance with generally accepted accounting principles consistently applied, subject, in the case of the financial statements as of and for the period ending March 31, 1987 to normal year-end adjustments which shall in the aggregate not be material. Except as reflected in such financial statements, including the notes thereto, there exist as of the date hereof no material liabilities of TSI, contingent or absolute, matured or unmatured.

3.6 Financial Condition

Since March 31, 1987, there has been no material adverse change in the financial condition, business, assets or prospects of TSI, other than ongoing losses being incurred at a level of not in excess of \$275,000 per month and other than changes which are disclosed in the Schedules attached hereto.